

**PRIVATE SECTOR DEVELOPMENT OF HOUSING  
EASTERN EUROPE**

**FINAL REPORT**

**TECHNICAL ASSISTANCE SUPPORT TO THE PRIVATE  
CONSTRUCTION CONTRACTORS ASSOCIATION OF  
SLOVAKIA (PCCAS)**

**Prepared for**

**United States Agency for International Development  
Bureau for Private Enterprise  
Office of Housing and Urban Programs**

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## **ABSTRACT**

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Assistance was provided to the Association of Slovak Entrepreneurs in creating a Slovak association of construction entrepreneurs with the eventual capacity to provide technical assistance and training to support the private housing construction industry.

The private construction industry faces problems which the association can play a role in addressing. In particular the association it can call attention to the need for construction finance and adoption of revised procurement legislation.

The establishment of such a organization appears to be viable, and the ten technical assistance reports prepared provide the necessary information to establish and manage the Slovakian Association of Private Contractors. Issues addressed in the reports include membership development, regional chapters, an association charter, board of directors, committees, agenda items for the founding directors, budget outline, dues structure, position description for the general director and a six month workplan.



## EXECUTIVE SUMMARY

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The objective of this project is essentially the same as the project conducted earlier this year with the Czech Guild of Private Contractors (Project 9132.10). Specifically, assistance was provided to the Association of Slovak Entrepreneurs in creating a Slovak association of construction entrepreneurs with the eventual capacity to provide technical assistance and training to support the private housing construction industry.

Upon arrival in Slovakia I found an enthusiastic group of entrepreneurs who want assistance to help them create a construction contractors association. PADCO has hired Mr. Frantisek Sladky, a civil engineer familiar with the construction industry in Slovakia and well qualified to assist us in this effort, to be a local consultant. Three cities in eastern Slovakia were visited together with Mr. Sladky. In each city meetings were held with a group of private construction contractors, to whom we explained our efforts to form an association. At each stop enthusiastic support for these efforts was received.

The Slovakian construction industry has several serious problems to overcome which an Association of Slovakian Construction Entrepreneurs can potentially play a role in addressing. These include the need for a banking system that is both willing and able to provide financing for construction projects, and the adoption of public procurement legislation which will put an end to the widespread practices which bias the awarding of contracts.

Another problem facing the private construction industry is the need for access to information about new technology, equipment and materials. Some effort appears to be underway to create a technical information clearinghouse here in the U.S. to provide this information. The development of that program should be encouraged. The establishment of an association of private construction contractors in Slovakia will be extremely beneficial to the individual entrepreneurs currently struggling with these as well as other problems.

Following is a listing of the specific tasks performed under this request for services, with a brief overview of the principal activities and findings associated with each. A comprehensive analysis and recommendations are included in the series of Technical Assistance Reports which comprises the remainder of the report. Taken together they should provide the complete information needed to establish and manage the Association in Slovakia.

### **TASK 1. Assemble Preliminary Information on Prospective Members, Needed Services and the Need for Regional Chapters**

**Prospective Members** - There appears to be a large number of small and medium size private entrepreneurial companies in Slovakia. During the visit to Slovakia, contacts were made personally with principals from about thirty companies in four cities in Slovakia. In the

consultants' opinion, there is a potential for over a thousand companies to become members of the Association eventually. It is estimated that the Association will have a hundred (100) members by the end of 1993, and as many as two hundred and fifty (250) by the end of 1994.

**Membership Services** - There is an immediate need for a massive legislative effort to support the creation of an effective banking system, and to enact a tough new public procurement law which will hopefully put an end to the flawed system now operating within the country. There is also a need for access to information on new technology, equipment and materials, none of which is readily available in Slovakia.

**Regional Representation** - It was very clear from the visits to eastern Slovakia that there is a serious distrust of centralized control in Slovakia. Therefore, if the Association is to succeed, grow and serve its members, a great deal of attention needs to be given to creating a positive relationship between regional chapters and the Association's headquarters, wherever that may be located.

(See attached Technical Assistance Report - Regional Chapters)

## **TASK 2. Determine Relationship with ASE**

Meetings were held with the staff of the Association of Slovak Entrepreneurs and the consultants were very impressed. There are clear and convincing reasons to be associated with this organization and the parties agreed that the relationship should be that of an "independent organization" affiliated with the ASE, yet sharing offices, equipment and to some extent personnel. The rationale was that as an independent organization, it would be free to disassociate itself from the ASE if that course of action ever became necessary.

## **TASK 3. Provide Membership Marketing Assistance**

There were two parts to this task: membership marketing assistance and an evaluation of the computer needs of the Association.

**Membership Brochure and Application**- Both a membership brochure and a membership application have been produced and are attached as one of the Technical Assistance Reports.

(See attached Technical Assistance Report - Membership Development)

**Computer Needs of Association**- In order to operate effectively it is clear that the Association's office will need at least one computer with the following software programs:

1. **A word processing program** which will allow them to produce correspondence and newsletters.



2. **A data processing or spreadsheet program** which will enable them to maintain membership records, and
3. **An accounting program** which will enable them to maintain financial records and produce dues invoices.

#### **TASK 4. Prepare a Charter for the Association**

The needs of the association were reviewed and a complete and comprehensive charter was prepared based upon bylaws that govern most U.S. associations but modified to meet the Slovaks particular requirements.

(See attached Technical Assistance Report - Association Charter)

#### **TASK 5. Selection of Board Members & Prepare Agenda for First Meeting**

There are two parts to this task.

**Selection of Board Members-** The consultant relied heavily upon published association management manuals and produced an extensive guideline on the nature of the job and the qualities to look for in members of the board of directors. Since it was also felt there was a need for information on association committees, the consultant prepared a report on those which were needed and how to attract the best people to head those committees.

(See attached Technical Assistance Report - Board of Directors)

(See attached Technical Assistance Report - Committees)

**Agenda for First Meeting of Founding Directors-** There are a considerable number of matters which should be decided upon by the founding directors. The consultant has prepared a comprehensive agenda for the first meeting of directors with extensive notes on items which should be acted on at this meeting.

(See attached Technical Assistance Report - Founding Director's Agenda)

#### **TASK 6. Determine Financial Needs, Dues Structure and Budget**

There are essentially two parts to this task: determine the financial needs and prepare a budget and then recommend a provisional dues structure.

**Financial Needs & Budget-** There was insufficient time during the field visit to actually gather the figures needed to produce a budget. So a budget outline was left with Mr. Sladky, who was asked to gather information needed to produce a budget. At this writing, the necessary figures have not been received, but may be by the time this report is presented. In the interim,

some figures gathered during the visit and the consultant's own estimates have been used to produce the attached budget. This may change once the actual figures are produced by Mr. Sladky.

**(See attached Technical Assistance Report - Budget Outline)**

**Dues Structure** - The second part requires development of a provisional dues structure. To be frank, the financial condition of most of the companies met was extremely shaky and the economy is seriously depressed. While there are a few financially healthy companies willing to pay more than their share of the burden to launch this association, many of the small companies have little or no financial resources and it is doubtful they will be able to make more than a token donation to dues. The report describes the methods that many U.S. associations use in developing their dues structure and suggested that the actual dues and initiation fees be established at the first meeting of the founding board of directors. It is suggested that the Association keep the dues as low as possible to attract as many companies as possible to join. It is recommended that USAID make up the shortfall in dues income for the first year or two. By that time the association should be self-supporting.

**(See attached Technical Assistance Report - Dues Structure)**

## **TASK 7. Determine Staffing Needs, Additional Work for Consultants**

There are several parts to this task:

**Staffing Needs** - The minimum staff needed to launch this association would be two individuals, as follows:

- **A general director** - This should be someone of Mr. Sladky's stature and experience in the construction industry. I have prepared an extensive position description for the job of the general director and it is attached.
- **An administrative manager** - The second staff person should be an extremely competent administrative manager with the ability to use a computer. This person will be needed to maintain membership records, handle meeting management details, produce a newsletter and general correspondence and maintain simple accounting records.
- **Regional office staff** - It is recommended that initially, for about the first year or so, the association use volunteers to do the administrative work at the regional offices. The work could be handled by an employee of the regional director.
- **Additional Work - Local Consultant** - The technical assistance report details all items to be accomplished during the next six months. This includes an agenda for a meeting of the founding directors, the first meeting of members, election of officers, directors, adoption of a charter, dues structure and budget, as well as many other items of lesser importance. With the technical assistance reports prepared in addition to the time spent with him during my July visit, Mr. Sladky should be able to manage the association without additional assistance.

- **Additional Work - Foreign Consultant-** As indicated, the consultant believes there is no need for additional work on his part to launch this association. Mr. Sladky and the entrepreneurs who wish to create this association are perfectly capable of managing the start-up with the technical assistance reports prepared for them. The consultant offered to provide additional technical assistance reports on any other subjects, at their request, and will be available to respond to their questions by telephone or fax.

**(See attached Technical Assistance Report - General Director)**

**(See attached Technical Assistance Report - Six Month Work Plan)**

**Additional Recommendations-** Two additional recommendations are made based upon my experience in the Czech Republic and Slovakia.

- **Financial support** - There is little additional help needed in terms of professional expertise on association building. The technical reports I have prepared for the Slovaks, and their own management abilities, should enable them to create a viable association which will be very helpful in both the short and long term. However, aside from technical support they simply need, as do the Czechs, some financial assistance or start-up capital for a year or two. Once the Association starts providing services the industry will be willing and able to support its own association.
- **Technical support** - The idea of creating a technical clearinghouse of information on equipment, materials and techniques appeals to quite a few contractors who were interviewed. There is very little information available to contractors, and there are few choices in suppliers of basic building materials. It is felt they would eagerly consume any and all technical information that can be provided for them.